

Memorandum

*Flex your power!
Be energy efficient!*

To: ALL EMPLOYEES

Date: February 8, 2006

File:

From: MICHAEL A. PEROVICH
District Director

Subject: Preparation of Cost Estimates

The purpose of this memo is to re-emphasize the importance of preparing complete and accurate estimates that reflect the true scope of work to be performed.

The December 14, 2005, memo from Chief Engineer Richard Land (attached) was issued to drive accountability at the District level and will require the District Director to certify that contract cost estimates over \$5 million are complete and accurate.

The District will meet this requirement by implementing the following procedures:

1. As of this year, projects over \$5 million will require the attached certification memo to be completed prior to the project being considered Ready to List (RTL). In addition, a copy of the signed and checked calculation package used to develop the estimate is to be submitted with the request for certification. This will prove the accuracy of the estimate.
2. Project cost estimates shall be updated throughout the project development process, specifically:
 - At the beginning of the calendar year
 - Prior to Ready to List (RTL)
 - Prior to California Transportation Commission (CTC) vote
 - As trends dictate
3. The constructability review meeting will now include the review and approval of the cost estimate.

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All estimates, regardless of the dollar amount, will require the review and approval of the deputies of the Constructability Review Senior, Project Manager and Design Senior four weeks prior to RTL (see attached memo).

The District has begun updating and improving the Contract Cost Database and will be providing training aimed at preparing estimates. There is also a project development toolbox on the web at (http://pd.dot.ca.gov/pd_guidance.asp) and the RTL guide at (http://www.dot.ca.gov/hq/esc/oe/specifications/rtl_guide) that provides practices useful in preparing estimates.

Moreover, any person or persons responsible for the preparation of estimates must consult with the district office engineer (OE) and construction staff before finalizing an estimate.

Your efforts to continue to provide accurate cost estimates have not gone unnoticed and are greatly appreciated. Implementation of the above-mentioned procedures will ensure continued accuracy of project cost estimates.

Attachments